

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 558 - SB 1230

March 24, 2011

SUMMARY OF BILL: Requires a lump sum amount be paid from the Tennessee Consolidated Retirement System (TCRS) to a non-contributory member's beneficiary in an amount equal to the sum amount of contributions the member would have contributed had the member been a contributory member.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$815,000

Increase Local Expenditures – \$40,000/Permissive

Assumptions:

- TCRS provides retirement benefits for retired state employees, retired teachers, and retired local government employees.
- According to TCRS, this bill only affects non-contributory state employees and local government employees who are non-contributory members.
- TCRS indicates this bill will require annual appropriations of approximately \$815,000 per year in order to make lump sum payments to beneficiaries of non-contributory state retirees.
- According to TCRS, the additional annual cost to local governments is estimated to be in excess of \$200,000 if all entities authorize this bill.
- Retirement benefits for local government employees are funded 100 percent by local government contributions.
- Twenty percent of local governments elect to make contributions to the TCRS for the purpose of the TCRS making lump sum payments to beneficiaries of non-contributory local government employees. Therefore, the permissive increase in local government expenditures is estimated to be \$40,000 per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director

/rnc